



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

David T. Terry
Director

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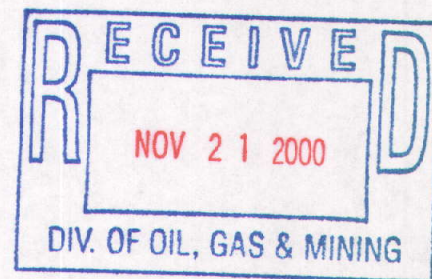
5/003/017

November 20, 2000

CERTIFIED MAIL NO. P 973 115 019

William L. Bown
842 W. 400 N.
West Bountiful, UT 84087

RE: ML 45410 BSLS & ML 44911 BSLS
DOGM Permit # S/003/017



Dear Mr. Bown,

I have reviewed your November 15, 2000, letter in which you respond to my letter of October 19, 2000. Lessee has failed to remedy Lessee's breach of the terms and conditions of ML 45410. The lease is therefore subject to cancellation. Nevertheless, I will not make any recommendation to the Director in this matter until after December 1, 2000. Please consider the following.

1. I am willing to accept the GPS map prepared by DOGM in-lieu of the map I previously requested. (Please note, however, that Article XII of the lease agreement requires Lessee to update the map from time to time as the mine workings progress.)
2. The production table which you submitted with your letter of November 15, 2000, shows that additional production royalties are due the trust:
 - Lessee previously failed to report any production for ML 45410 or ML 44911.
 - The November 15, 2000, table of production lists a total of 1,384.20 tons mined from ML 45410 (641.2 tons) and ML 44911 (743 tons).
 - In August, 2000, Lessee submitted royalty payment for 772 tons of stone mined, leaving a balance of 612.20 tons (1,384.20 - 772) for which royalty has not been paid.
 - Royalty is payable on the basis of 5% X \$85/Ton X 612.30 Tons. Interest penalty is payable on the basis of Prime + 4%.
 - Immediate payment in the amount of \$3,575.27 including \$2,601.85 Principle and \$973.42 Interest thru November 30, 2000, is requested. Additional Interest may accrue on the unpaid balance after November 30, 2000.

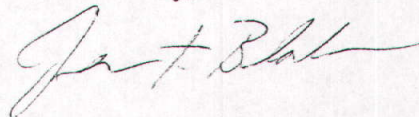
3. I understand that Lessee has substantially completed reclamation of that portion of the total mining disturbance in the lands under ML 44911. I am therefore willing to recommend transferring Lessee's \$5,000 Surety Bond No. 900633228 from ML 44911 to ML 45410. Such transfer, however, requires that Lessee first make payment of all outstanding royalties and Interest due the trust, i.e. \$3,575.27; that Surety, Continental Casualty Company, issue a Bond Rider changing the coverage of Surety Bond No. 900633228 from ML 44911 to ML 45410; and, that such Bond Rider be accepted by the Director.

I will recommend to the Director that the lease be placed in good standing if Lessee immediately submits the balance of royalties and Interest due and submits the surety bond rider requested above. Otherwise, I must recommend that ML 45410 be cancelled and that Lessee be required to immediately reclaim all mined land disturbances.

Lease cancellation will not excuse Lessee from any payment obligation accruing to the trust and may result in a payment claim against Lessee's Surety Bond No. 900633228.

Please contact me if you have any questions in this matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "John T. Blake", written in a cursive style.

John T. Blake
Mineral Resources Specialist

cc: Lynn Kunzler